Philip Morris USA — Shipments

FIRST QUARTER PERFORMANCE
W/E 3/4/94

- PM quarter to date volume remains 6.0 billion units above O.B. primarily as a result of lower than projected payback from year end excess and above normal McLane shipments.

- PM-USA's weekly shipments of 3.8 billion units was about even with last week and above projection.

- McLane purchased 229 million units during the past week, approximately 300 million units below its allocation.
  - Most of McLane purchases for the week were in the Southeast, due to higher demand from increased traffic in this geography.
  - McLane's estimated sales for the balance of the quarter are estimated to be 140 million units per week, nearly 400 million units below their weekly allocation.

- Industry volume for the week totalled 9.2 billion units, up (+3.3%) versus week ago. PM was the only company to experience a volume decline from last week due to lower McLane shipments.

- PM-USA's industry share decreased -2.0 share points from last week to 41.5%. During the past 13 weeks, its share reached 44.6%, a 1.3 share point gain from the prior 13 weeks.

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Source: https://www.industrydocuments.ucsf.edu/docs/jxpk0000

BENCHMARKS - TOTAL US

SHIPMENTS 13 WEEK MOVING

	Benchmarks	13 Weeks Ending 4-Mar	Current vs. Benchmark
Philip Morris	42.0	44.6	2.6 Favorable
Marlboro	24.9	26.7	1.8 Favorable
OPB	7.8	8.5	0.7 Favorable
Virginia Slims	2.2	2.5	0.3 Favorable
Benson & Hedges	2.5	2.7	0.2 Favorable
Merit	2.3	2.5	0.2 Favorable
Parliament	0.6	0.7	0.1 Favorable
Basic-Share of Discount	14.2	15.0	0.8 Favorable
Private Label-Share of Market	8.5	6.8*	1.7 Favorable
C-Store Pack Price Lowest Discount**	$1.34	$1.34	$0.00 Favorable

*Reflects most current data for three months ending January 1994.

**Reflects a change in pricing data source from Market Decisions to Nielsen.

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Ship (13wm) trigger hh

Source: https://www.industrydocuments.ucsf.edu/docs/jxpk0000

SHIPMENTS
(To All Direct Accounts)

COMPANY	PM	RJR	B&W	American	Lorillard	Liggett
13 wk Base Dec. 3,1993	43.29	28.03	11.78	6.85	7.57	2.64
March 4, 1994 (13wm)	44.62	27.91	10.96	6.81	7.20	2.30
	1.33	**(0.12)**	**(0.82)**	**(0.04)**	**(0.37)**	**(0.34)**

CATEGORY	Premium	Discount
13 wk Base Dec. 3,1993	67.16	32.84
March 4, 1994 (13wm)	66.60	33.40
	(0.56)	**0.56**

PM MAJOR BRANDS	Marlboro	PM OPB	V. Slims	B & H	Merit	Parliament
13 wk Base Dec. 3,1993	26.19	8.32	2.35	2.69	2.40	0.66
March 4, 1994 (13wm)	26.75	8.50	2.46	2.68	2.49	0.65
	0.56	**0.18**	**0.11**	**(0.01)**	**0.09**	**(0.01)**

PM BRANDED DISCOUNTS	Basic	Cambridge	Bristol	Alpine
13 wk Base Dec. 3,1993	4.42	1.75	0.23	0.41
March 4, 1994 (13wm)	5.01	1.77	0.21	0.36
	0.59	**0.02**	**(0.01)**	**(0.05)**

PM PRIVATE LABEL	PM
13 wk Base Dec. 3,1993	1.89
March 4, 1994 (13wm)	1.95
	0.06

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Source: https://www.industrydocuments.ucsf.edu/docs/jxpk0000

INDUSTRY SHIPMENTS INCREASED SLIGHTLY (+3.3%) VERSUS WEEK AGO WITH PM THE ONLY COMPANY TO DECREASE DUE TO LOWER MCLANE SHIPMENTS.

WEEKLY VOLUME
3/04 VS 2/25

	3/4/94	2/25/94	2/18/94	DIFF VS. PREV. WEEK	% CHANGE
INDUSTRY	9,243	8,946	9,581	297	3.3%
PM	3,840	3,892	4,205	(52)	-1.3%
RJ REYNOLDS	2,671	2,559	2,688	112	4.4%
B & W	1,081	1,026	1,020	55	5.4%
LORILLARD	717	657	734	60	9.1%
AMERICAN	667	620	691	47	7.6%
LIGGETT	265	190	240	75	39.5%

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MFR CHANGES 3/4 VS 2/25

Source: https://www.industrydocuments.ucsf.edu/docs/jxpk0000

PRELIMINARY WEEKLY VOLUME AND SHARE

W/E 3/04/94

WEEK

	VOLUME	DIFF VS 1993	% CHANGE VS 1993	SHARE	DIFF VS 1993	FCST	VOLUME DIFF VS FCST	% CHANGE VS FCST
INDUSTRY	9,243	1,013	12.3%			8,749	494	5.6%
PHILIP MORRIS	3,840	630	19.6%	41.55	2.54	3,749	91	2.4%
R.J. REYNOLDS	2,671	-215	-7.5%	28.90	-6.17	2,583	88	3.4%
B&W	1,081	288	36.4%	11.69	2.06	1,007	74	7.3%
LORILLARD	717	97	15.6%	7.75	0.22	655	62	9.4%
AMERICAN	667	138	26.2%	7.22	0.79	575	92	16.1%
LIGGETT	265	75	39.4%	2.87	0.56	180	85	47.2%

	DISCOUNT			PREMIUM		
	VOLUME	SHARE	%CONT.	VOLUME	SHARE	%CONT.
INDUSTRY	3,156	34.14		6,087	65.86	
PHILIP MORRIS	816	25.87	21.3%	3,024	49.68	78.7%
R.J. REYNOLDS	1,114	35.30	41.7%	1,557	25.58	58.3%
B&W	633	20.04	58.5%	448	7.36	41.5%
LORILLARD	29	0.90	4.0%	688	11.30	96.0%
AMERICAN	355	11.26	53.3%	312	5.12	46.7%
LIGGETT	208	6.59	78.6%	57	0.93	21.4%

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Source: https://www.industrydocuments.ucsf.edu/docs/jxpk0000

PRELIMINARY VOLUME AND SHARE
W/E 3/4/94

TOTAL INDUSTRY YEAR TO DATE

	VOLUME	DIFF VS 1993	% CHANGE VS 1993	SHARE	DIFF VS 1993	FCST	VOLUME DIFF VS FCST	% CHANGE VS FCST
INDUSTRY	81,036	20,379	33.6%			74,051	6,985	9.4%
PHILIP MORRIS	35,311	13,091	58.9%	43.57	6.94	29,315	5,996	20.5%
R.J. REYNOLDS	23,348	1,816	8.4%	28.81	-6.69	23,112	236	1.0%
B&W	8,988	2,664	42.1%	11.09	0.67	9,008	-20	-0.2%
LORILLARD	5,988	1,302	27.8%	7.39	-0.34	5,862	126	2.2%
AMERICAN	5,678	1,429	33.6%	7.01	0.00	5,141	537	10.4%
LIGGETT	1,707	73	4.5%	2.11	-0.59	1,613	94	5.8%

DISCOUNT YEAR TO DATE

	VOLUME	DIFF VS 1993	% CHANGE VS 1993	SHARE	DIFF VS 1993
INDUSTRY	27,024	-429	-1.6%	33.35	-11.91
PHILIP MORRIS	7,142	-1,232	-14.7%	26.43	-4.07
R.J. REYNOLDS	9,819	-1,226	-11.1%	36.33	-3.90
B&W	5,418	1,058	24.3%	20.05	4.17
LORILLARD	257	-74	-22.4%	0.95	-0.26
AMERICAN	3,072	866	39.2%	11.37	3.33
LIGGETT	1,314	177	15.6%	4.86	0.72

PREMIUM YEAR TO DATE

	VOLUME	DIFF VS 1993	% CHANGE VS 1993	SHARE	DIFF VS 1993
INDUSTRY	54,012	20,808	62.7%	66.65	11.91
PHILIP MORRIS	28,169	14,323	103.4%	52.15	10.45
R.J. REYNOLDS	13,530	3,041	29.0%	25.05	-6.54
B&W	3,570	1,606	81.8%	6.61	0.69
LORILLARD	5,732	1,376	31.6%	10.61	-2.51
AMERICAN	2,606	563	27.6%	4.83	-1.33
LIGGETT	393	-103	-20.9%	0.73	-0.77

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Source: https://www.industrydocuments.ucsf.edu/docs/jxpk0000

13WM AVERAGE BY COMPETITOR
W/E 3/4/94

	VOLUME	DIFF VS PRIOR 13 WKS	% CHANGE VS PRIOR 13 WKS	SHARE	DIFF VS PRIOR 13 WKS
INDUSTRY	9,289	58	0.6%		
PHILIP MORRIS	4,145	149	3.7%	44.63	1.34
R.J. REYNOLDS	2,598	26	1.0%	27.98	0.10
B&W	1,020	-63	-5.9%	10.98	-0.76
LORILLARD	674	-23	-3.3%	7.25	-0.30
AMERICAN	638	10	1.5%	6.86	0.06
LIGGETT	213	-37	-14.9%	2.29	-0.42

	DISCOUNT					PREMIUM				
	VOLUME	DIFF VS PRIOR 13 WKS	% CHANGE VS PRIOR 13 WKS	SHARE OF CAT.	DIFF VS PRIOR 13 WKS	VOLUME	DIFF VS PRIOR 13 WKS	% CHANGE VS PRIOR 13 WKS	SHARE OF CAT.	DIFF VS PRIOR 13 WKS
INDUSTRY	3,102	71	2.3%	33.40	0.56	6,187	-13	-0.2%	66.60	-0.56
PHILIP MORRIS	871	61	7.5%	28.08	1.34	3,274	88	2.8%	52.92	1.54
R.J. REYNOLDS	1,084	57	5.5%	34.93	1.05	1,516	-31	-2.0%	24.50	-0.45
B&W	612	-47	-7.1%	19.74	-2.01	408	-17	-3.9%	6.59	-0.25
LORILLARD	27	2	6.8%	0.88	0.04	647	-25	-3.7%	10.45	-0.38
AMERICAN	342	15	4.7%	11.03	0.24	295	-6	-1.9%	4.78	-0.08
LIGGETT	165	-16	-9.0%	5.33	-0.66	47	-21	-30.8%	0.76	-0.34

	1994 BENCHMARK	13WM ACTUAL	DIFF.	BENCHMARK GUIDELINE
PM-USA:	42.00	44.62	2.62	FAVORABLE
MARLBORO SHARE OF INDUSTRY	24.90	26.75	1.85	FAVORABLE
BASIC SHARE OF DISCOUNT	14.20	15.00	0.80	FAVORABLE

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Source: https://www.industrydocuments.ucsf.edu/docs/jxpk0000

PM-USA 1994 YTD SHIPMENT PERFORMANCE (through March 4)

Units in Billions

	Actual	FCST	Diff.
1Q-to-date	35.3	29.3	6.0

Explanation	UNIT CONTRIBUTION
• Less payback due to lower year end excess (2.8 vs. 4.0)	1.2
• McLane shipments	2.5
• Increased shipments to Michigan based wholesalers in anticipation of a May 1 state excise tax increase	0.8
• Other direct account speculative purchases	0.4
• Changes in takeaway, promotional units, etc.	1.1

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Source: https://www.industrydocuments.ucsf.edu/docs/jxpk0000

Philip Morris USA

PM VOLUME SHIPPED TO MCLANE THIS WEEK WAS REDUCED TO 210 MILLION UNITS AND WILL CONTINUE AT APPROXIMATELY THAT LEVEL FOR THE BALANCE OF THE QUARTER.

TOTAL PM VOLUME MCLANE

(millions of cigarettes)

Week ending	PM shipped to McLane	McLane shipped to Retailers	Difference
1/7/94	510.1*	411.5	98.6
1/14	105.5	477.0	-371.5
1/21	135.4	426.8	-291.4
1/28	378.6	415.0	-36.4
2/4	1,945.0	431.9	1,513.1
2/11	773.1	425.5	347.6
2/18	540.1	445.8	94.3
2/25	522.9	461.6	61.3
3/4	209.5	N/A	N/A

All volumes exclude ten Sam's Clubs in Michigan purchasing directly from PM.
* Includes approximately 400 million units from previous week's allocation.

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Source: https://www.industrydocuments.ucsf.edu/docs/jxpk0000

PM-USA WEEKLY PERFORMANCE

	12/17	12/24	12/31	1/7	1/14	1/21	1/28	2/4	2/11	2/18	2/25	3/4	1Q WEEKLY TARGET
MARLBORO	2,675	3,001	2,854	1,955	1,878	1,935	2,358	3,470	2,597	2,498	2,332	2,289	2,313
B&H	240	286	284	185	189	184	216	347	271	310	243	239	217
MERIT	249	281	268	185	191	191	226	323	230	234	205	201	211
V.SLIMS	245	275	248	185	185	183	219	321	236	232	214	213	207
PARLIAMENT	64	80	68	44	52	51	56	74	61	66	54	63	57
OTHER PREMIUM	20	22	25	16	18	17	18	25	20	20	19	19	19
CANADIAN	1	1	0	0	0	1	0	3	1	1	0	0	0
TOTAL PREMIUM	3,494	3,945	3,747	2,570	2,513	2,562	3,093	4,562	3,416	3,361	3,067	3,024	3,024
CAMBRIDGE	160	203	177	131	136	131	142	174	169	159	188	179	156
ALPINE	33	44	35	27	27	27	29	34	36	33	32	33	32
BUCKS	4	4	4	3	3	2	3	3	4	3	3	3	3
FVB	178	235	297	169	142	138	145	190	171	175	164	161	156
BASIC	519	738	515	338	345	383	460	501	461	450	414	416	442
BRISTOL	20	24	20	19	18	14	18	21	21	20	20	20	15
PLAYERS 25	5	4	4	3	4	5	4	4	4	4	4	4	3
TOTAL DISCOUNT	919	1,252	1,052	690	675	700	800	927	866	844	825	816	807
TOTAL PM-USA	4,413	5,197	4,799	3,260	3,188	3,262	3,893	5,489	4,282	4,205	3,892	3,840	3,831

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Source: https://www.industrydocuments.ucsf.edu/docs/jxpk0000

PM-USA WEEKLY PERFORMANCE

	12/17	12/24	12/31	1/7	1/14	1/21	1/28	2/4	2/11	2/18	2/25	3/4	1Q TARGET
MARLBORO	26.17	29.28	29.15	25.97	23.62	24.33	26.07	30.88	27.27	26.08	26.07	24.77	26.40
B&H	2.35	2.80	2.90	2.45	2.38	2.31	2.39	3.09	2.84	3.24	2.72	2.58	2.48
MERIT	2.44	2.74	2.74	2.46	2.40	2.40	2.50	2.87	2.41	2.44	2.29	2.17	2.41
V.SLIMS	2.40	2.68	2.53	2.46	2.32	2.30	2.42	2.86	2.48	2.42	2.40	2.30	2.36
PARLIAMENT	0.63	0.78	0.69	0.59	0.65	0.64	0.62	0.65	0.64	0.69	0.60	0.68	0.65
OTHER PREMIUM	0.20	0.21	0.25	0.21	0.23	0.21	0.20	0.23	0.21	0.21	0.21	0.20	0.22
CANADIAN	0.01	0.01	0.00	0.00	0.00	0.02	0.00	0.02	0.01	0.01	0.00	0.00	0.00
TOTAL PREMIUM	34.19	38.50	38.26	34.14	31.60	32.21	34.20	40.60	35.86	35.09	34.29	32.70	34.52
CAMBRIDGE	1.57	1.98	1.81	1.75	1.71	1.65	1.57	1.54	1.76	1.65	2.09	1.93	1.78
ALPINE	0.33	0.43	0.36	0.36	0.34	0.34	0.32	0.30	0.38	0.35	0.35	0.36	0.37
BUCKS	0.04	0.04	0.05	0.03	0.04	0.03	0.03	0.03	0.04	0.04	0.04	0.03	0.03
FVB	1.74	2.29	3.04	2.24	1.79	1.74	1.61	1.70	1.80	1.83	1.84	1.75	1.78
BASIC	5.08	7.21	5.26	4.49	4.33	4.81	5.08	4.47	4.85	4.69	4.63	4.51	5.04
BRISTOL	0.20	0.23	0.20	0.25	0.22	0.18	0.19	0.18	0.23	0.20	0.22	0.21	0.17
PLAYERS 25	0.04	0.04	0.04	0.04	0.05	0.05	0.04	0.04	0.04	0.04	0.04	0.05	0.03
TOTAL DISCOUNT	8.99	12.22	10.76	9.16	8.48	8.80	8.84	8.26	9.10	8.80	9.21	8.84	9.20
TOTAL PM-USA	43.18	50.72	49.02	43.30	40.08	41.01	43.04	48.86	44.96	43.89	43.50	41.54	43.72

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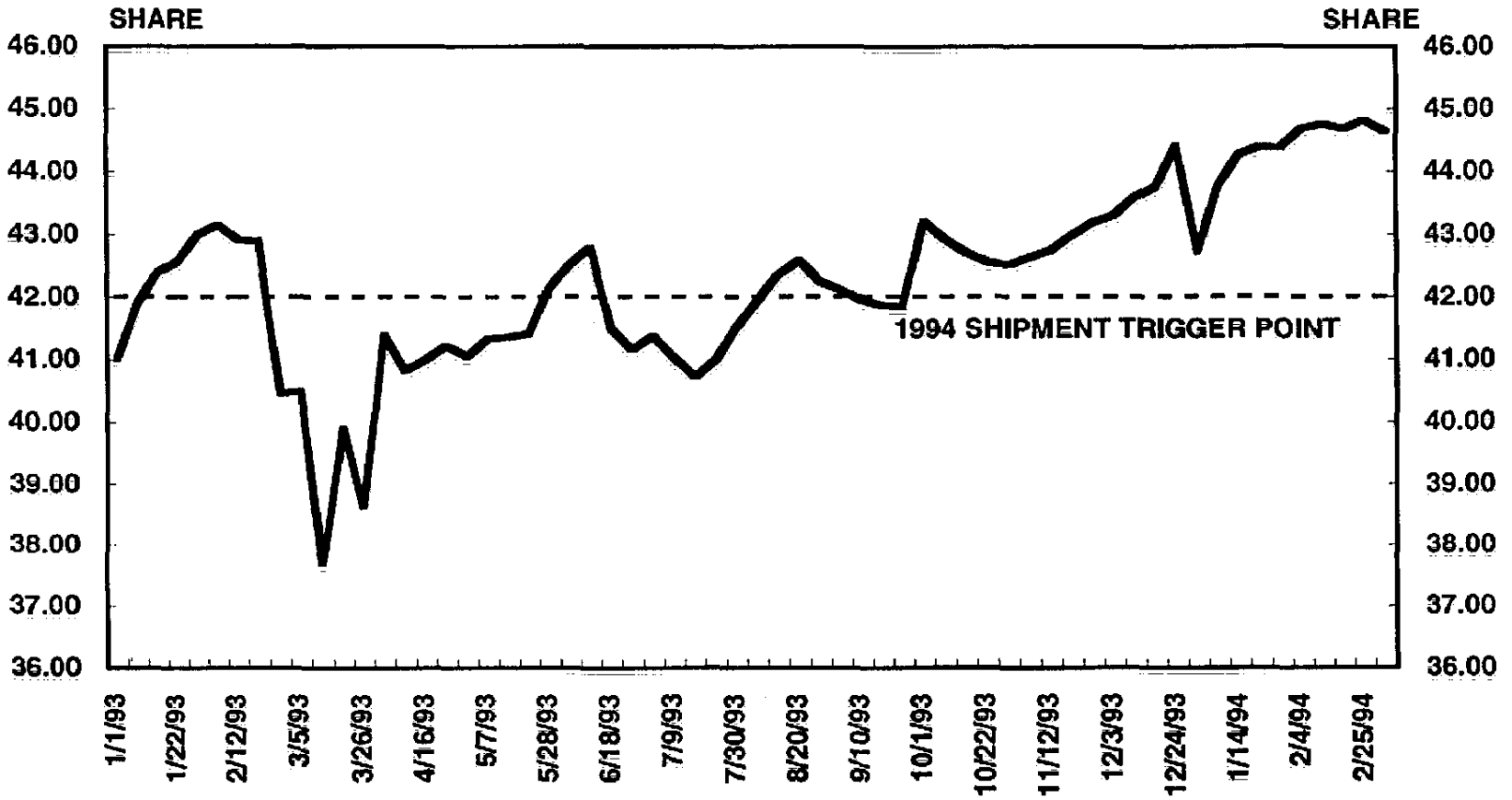
Source: https://www.industrydocuments.ucsf.edu/docs/jxpk0000

PM SHARE OF MARKET
13 WEEK MOVING AVERAGE



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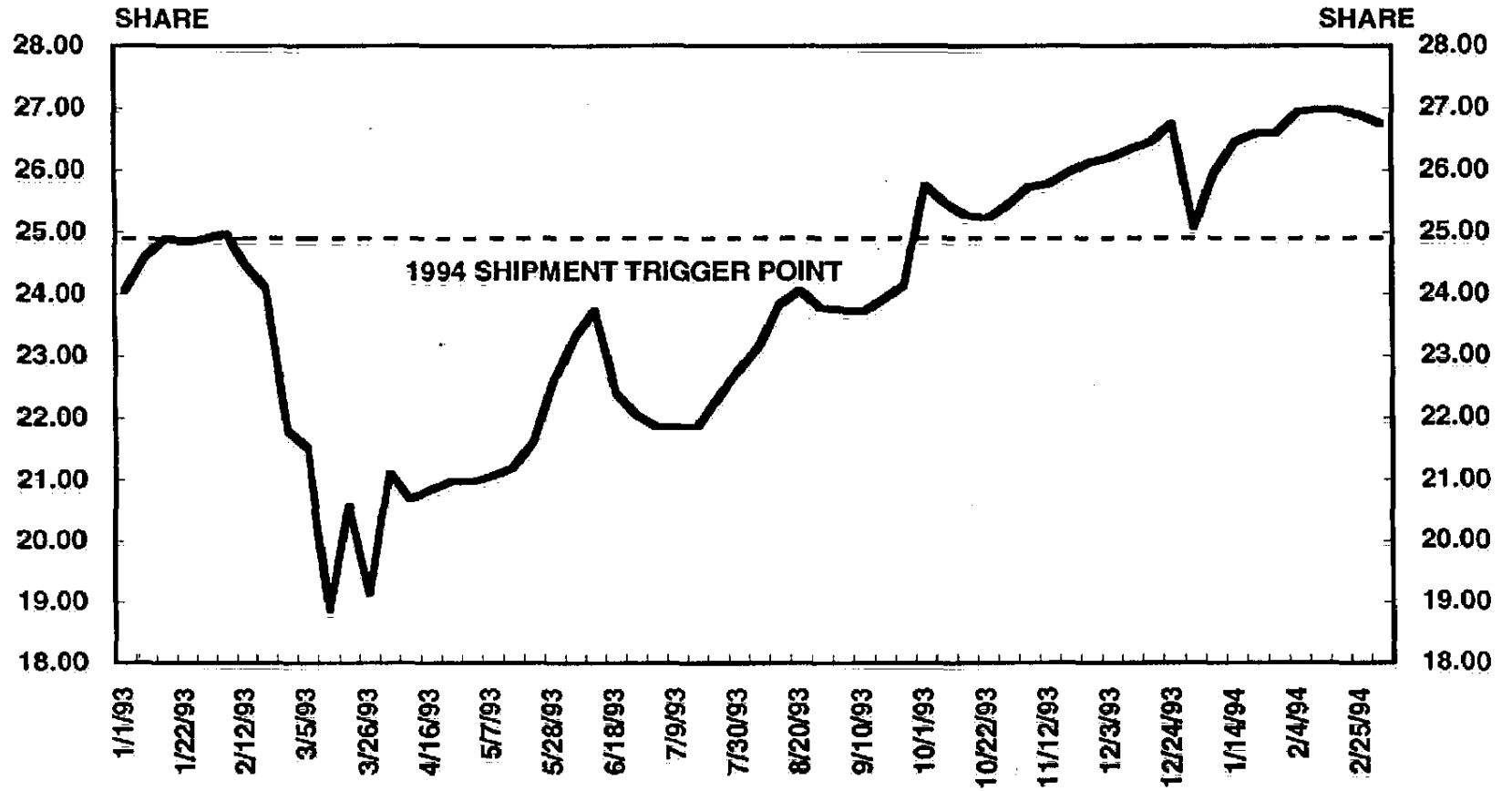
SOURCE: MSA SHIPMENTS

13WM BRANDS Chart 1

Source: https://www.industrydocuments.ucsf.edu/docs/jxpk0000

MARLBORO SHARE OF MARKET
13 WEEK MOVING AVERAGE



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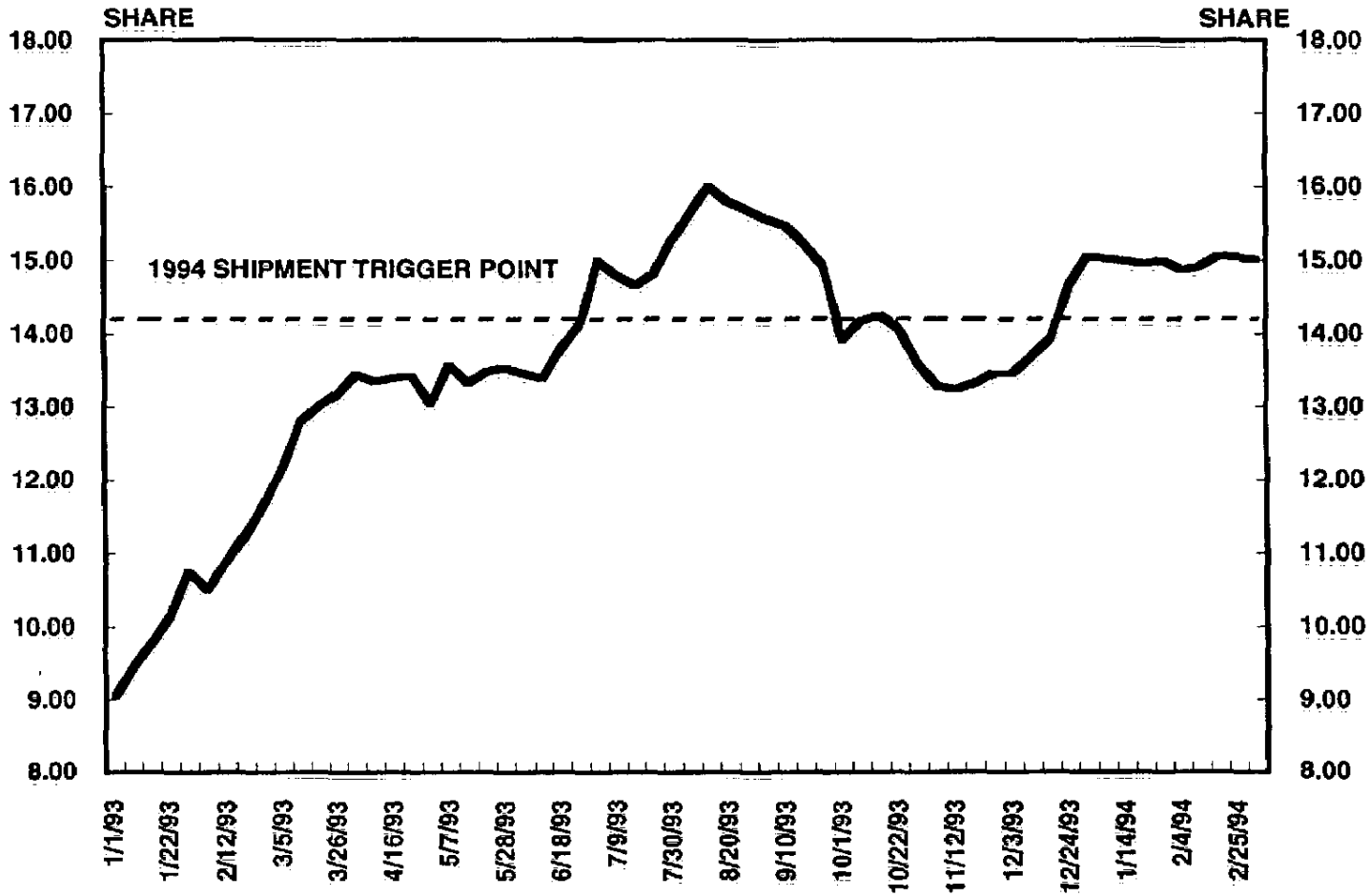
SOURCE: MSA SHIPMENTS

13WM BRANDS Chart 2

Source: https://www.industrydocuments.ucsf.edu/docs/jxpk0000

BASIC SHARE OF DISCOUNT
13 WEEK MOVING AVERAGE



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Source: https://www.industrydocuments.ucsf.edu/docs/jxpk0000